

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Amended)	DOCKET UE-070725
Petition of)	
)	
PUGET SOUND ENERGY, INC.)	ORDER 01
)	
For an Order Authorizing the Use of)	
the Proceeds from the Sale of)	PREHEARING CONFERENCE
Renewable Energy Credits and)	ORDER
Carbon Financial Instruments)	
)	
.....)	

1 **NATURE OF PROCEEDING.** On October 8, 2009, pursuant to WAC 480-07-395(5), Puget Sound Energy, Inc. ("PSE" or "the Company") filed its Amended Petition requesting that the Washington Utilities and Transportation Commission ("Commission") issue an order authorizing PSE to defer the net revenues from the sale of certain Renewable Energy Credits ("REC") and Carbon Financial Instruments ("CFI") (collectively, "REC Proceeds") and to use these revenues as follows:

- (1) Provide funding for low income energy efficiency and renewable energy services.
- (2) Credit a portion of the REC Proceeds to sums owed to PSE by several California utilities since 2001. This sum, the "California Receivable," reflects unpaid amounts owed to the Company from California utilities for power PSE sold into California during the 2000-2001 energy crisis.
- (3) Provide a credit to customers by offsetting the REC Proceeds against a regulatory asset.

2 **PARTY REPRESENTATIVES.** Sheree Strom Carson, Perkins Coie, Bellevue, Washington, represents PSE. Sarah A. Shifley, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section of the Washington Office of Attorney General (Public Counsel). Robert D. Cedarbaum, Senior Assistant Attorney

General, Olympia, Washington, represents the Commission's regulatory staff (Commission Staff or Staff).¹

3 S. Bradley Van Cleve and Irion Sanger, Davison Van Cleve, Portland, Oregon, represents the Industrial Customers of Northwest Utilities (ICNU). Michael L. Kurtz and Kurt J. Boehm, Boehm, Kurtz & Lowry, Cincinnati, Ohio, represents the Kroger Co., on behalf of its Fred Meyer Stores and Quality Food Centers divisions (Kroger). Norman Furuta, Associate Counsel, Department of the Navy, San Francisco, California, appeared for the Federal Executive Agencies (FEA).² Ronald L. Roseman, Attorney, Seattle, Washington, represents the Energy Project. David S. Johnson, Attorney, Northwest Energy Coalition (NWECC) represents his organization. Glenn Amster, Lane Powell PC, Seattle, Washington, and Ann E. Gravatt, Portland, Oregon, represents Renewable Northwest Project.

4 Contact information provided at the conference for the parties' representatives is attached as Appendix A to this order.

5 **PETITIONS TO INTERVENE.** The following businesses and organizations filed petitions to intervene or petitioned orally:

- Industrial Customers of Northwest Utilities
- Kroger Co. on behalf of the Fred Meyer Stores and Quality Food Centers
- NW Energy Coalition
- Renewable Northwest Project
- The Energy Project

PSE objected to Kroger's petition for its lack of specificity concerning the company's interest in this proceeding. Although Kroger's petition is generic in its statement of interest concerning PSE's rates in a docket that does not expressly propose any

¹ In formal proceedings, such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See, RCW 34.05.455.*

² The Federal Executive Agencies appeared through Mr. Furuta, but elected not to petition for intervention.

change in rates, the outcome of this proceeding may ultimately have some impact on rates. Thus, Kroger does appear to have a substantial interest in this proceeding and its status as the only major commercial customer seeking to participate as a party means its participation will be in the public interest. Accordingly, Kroger's petition is granted over PSE's objection. The remaining petitions to intervene, which are uncontested and demonstrate each petitioner's interest in this proceeding, are granted.

- 6 **PROTECTIVE ORDER.** The Commission will enter a protective order in this docket under RCW 34.05.446, RCW 80.04.095, WAC 480-07-420 and WAC 480-07-423, to facilitate discovery. PSE will submit a proposed form of order. Pending that, parties may execute the confidentiality agreements that are appended to the Commission's standard form of protective order with highly confidential provisions to permit discovery to proceed immediately.
- 7 **DISCOVERY.** Discovery will continue pursuant to the Commission's discovery rules, WAC 480-07-400 – 425. The parties request a shortened response period for data request after Staff, Public Counsel and the intervenors file their response testimony on January 28, 2009. The response time for data requests will be reduced to five business days, after that date. In addition, to expedite the exchange of potentially relevant information, all parties are required to provide all work papers, including model runs and source documents, at the time they prefile testimony and exhibits. The Commission urges the parties to work cooperatively together to avoid having to bring discovery matters forward for formal resolution.
- 8 **PROCEDURAL SCHEDULE.** The parties agreed on a procedural schedule. The Commission adopts this procedural schedule as set forth below and in Appendix B to this Order.

Prefiled Direct Testimony	October 8, 2009
Staff, Public Counsel, and Intervenor Response Testimony	January 28, 2010
Issue Discussion/Settlement Conference	February 8, 2010

Company, Rebuttal and Cross-
Answering Testimony

February 18, 2010

Evidentiary Hearing

March 5 and 8, 2010

Briefs

March 17, 2010

9 **NOTICE OF HEARING.** The Commission will hold evidentiary hearings in this matter beginning **March 5, 2010, at 9:30 a.m.**, in the Commission's Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.

10 **DOCUMENT PREPARATION AND FILING REQUIREMENTS.** Parties must file the original plus ten (10) copies of the unredacted versions of all pleadings, motions, briefs, and other prefiled materials. Parties must also file the original and one copy of any redacted version(s). These materials must conform to the format and publication guidelines in WAC 480-07-395 and WAC 480-07-460. The Commission prefers that materials be three-hole punched with *oversized* holes to allow easy handling. The Commission may require a party to refile any document that fails to conform to these standards.

11 All filings must be mailed or delivered to the Executive Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W. Olympia, Washington 98504-7250. Both the post office box and street address are required to expedite deliveries by the U.S. Postal Service.

12 **ELECTRONIC SUBMISSION OF DOCUMENTS.** Parties may submit documents electronically to the Commission on the filing deadline to expedite the filing process, but must file an original, plus ten (10) paper copies, of the documents with the Commission by 12:00 noon on the first business day following the filing deadline established in the procedural schedule. WAC 480-07-145(6). Parties may submit documents electronically through the Commission's Web Portal (www.utc.wa.gov/e-filing) or by e-mail to records@utc.wa.gov. Finally, to perfect

filing, parties must simultaneously provide e-mail courtesy copies of filings to the presiding administrative law judge and advisory staff identified on Appendix A to this Order as well as to the parties to the proceeding.

- 13 **ALTERNATIVE DISPUTE RESOLUTION.** The Commission supports the informal settlement of matters before it. Parties are encouraged to consider means of resolving disputes informally. The Commission does have limited ability to provide dispute resolution services; if you wish to explore those services, please call the Director, Administrative Law Division, at 360-664-1144.
- 14 **NOTICE TO PARTIES.** A party who objects to any portion of this Order must file a written objection within ten calendar days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. The service date appears on the first page of the order in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.

Dated at Olympia, Washington, and effective December 4, 2009.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS
Administrative Law Judge

APPENDIX A				
PARTIES' REPRESENTATIVES DOCKET UE-070725				
PARTY	REPRESENTATIVE	PHONE	FACSIMILE	E-MAIL
Puget Sound Energy	Sheree Strom Carson Perkins Coie LLP 10885 NE Fourth St., Suite 700 Bellevue, WA 98004-5579	425-635-1422	425-635-2400	scarson@perkinscoie.com
	Donna Barnett			DBarnett@perkinscoie.com
				psedrs@perkinscoie.com
Industrial Customers of Northwest Utilities	S. Bradley Van Cleve Irion Sanger Davison Van Cleve, P.C. 333 S.W. Taylor, Suite 400 Portland, OR 97204	503-241-7242	503-241-8160	bvc@dvclaw.com ias@dvclaw.com
	Donald W. Schoenbeck			dws@r-c-s-inc.com
				bel@dvclaw.com
Kroger Co.	Michael L. Kurtz Kurt J. Boehm Boehm, Kurtz & Lowry 36 East Seventh St., Suite 1510 Cincinnati, OH 45202	513-421-2255	513-421-2764	mkurtz@BKLawfirm.com kboehm@BKLawfirm.com
NWEC	David S. Johnson Danielle Dixon NW Energy Coalition 811 1 st Avenue, Suite 305 Seattle, WA 98104	206-621-0094	206-621-0097	david@nwenergy.org danielle@nwenergy.org

APPENDIX A (Continued)

**PARTIES' REPRESENTATIVES
DOCKET UE-070725**

PARTY	REPRESENTATIVE	PHONE	FACSIMILE	E-MAIL
The Energy Project	Ronald L. Roseman Attorney at Law 2011 14 th Avenue East Seattle, WA 98112	206-324-8792	206-568-0138	ronaldroseman@comcast.net
	Chuck Eberdt			chuck_eberdt@oppco.org
	Michael Karp			Michael@awish.net
Renewable Northwest Project	Glenn Amster Lane Powell PC 1420 Fifth Avenue, Suite 4100 Seattle, WA 98101-2338	206-223-6241		amsterg@lanepowell.com
	Ann E. Gravatt Renewable Northwest Project 917 SW Oak Street, Suite 303 Portland, OR 97205	503-223-4544		ann@rnp.org
Public Counsel	Sarah A. Shifley Public Counsel Section Office of Attorney General 800 5 th Avenue, Suite 2000 Seattle, WA 98104-3188	206-389-2055	206-464-6451	sarah.shifley@atg.wa.gov
	Lea Daeschel			lead@atg.wa.gov
	Mary Kimball			maryk2@atg.wa.gov
	Carol Williams			carolw@atg.wa.gov
	Mary Harper			maryh2@atg.wa.gov
Commission Regulatory Staff	Robert D. Cedarbaum Senior Counsel 1400 S. Evergreen Park Dr. SW P.O. Box 40128 Olympia, WA 98504-0128	360-664-1188	360-586-5522	bcedarba@utc.wa.gov

APPENDIX B

**PROCEDURAL SCHEDULE
DOCKET UE-070725**

EVENT	DATE	INTERVAL
Prefiled Direct Testimony	October 8, 2009	
Staff, Public Counsel, and Intervenor Response Testimony	January 28, 2010	111 days
Settlement Conference	February 8, 2010	
Rebuttal and Cross-Answering Testimony	February 18, 2010	21 days
Evidentiary Hearing	March 5 and 8, 2010	15 days
Simultaneous Briefs	March 17, 2010	9 days